May 28, 2015

Mr. Charles Therriault
Director, NAIC Securities Valuation Office
One New York Plaza, Suite 4210
New York, NY 1004

RE: Modifications to UK GAAP relating to FRS 101, FRS 102, and FRS Smaller Entities

Dear Mr. Therriault,

The American Council of Life Insurers (ACLI)\(^1\) has initiated an analysis to outline recent changes to UK GAAP. As you are aware, UK GAAP is currently an approved standard in the Purposes and Procedures Manual of the NAIC Securities Valuation Office in Part Two, Section 10(c)(i)(D)(5).

The Financial Reporting Council (“FRC”), the UK’s independent regulator on corporate governance and reporting, has updated its accounting standards by introducing FRS 100, FRS 101, and FRS 102, applicable for accounting periods beginning on or after January 1, 2015. The FRC has made these updates to simplify UK GAAP, bring it closer to IFRS, and adopt consistent principles.

FRS 100 sets out rules and guidance on how to select the appropriate accounting standard. The options, depending on eligibility, are either EU-IFRS, FRS 101 (IFRS with Reduced Disclosures), FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland or “New UK GAAP”), or the FRSSE (Financial Reporting Standard for Smaller Entities). Groups that are publicly listed must report under IFRS for their group statements.

\(^1\) The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with 284 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Learn more at www.acli.com.
<table>
<thead>
<tr>
<th>Accounting regime</th>
<th>Applicable to</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS</td>
<td>Group accounts of listed companies</td>
<td>No change</td>
</tr>
<tr>
<td>FRS 101</td>
<td>Individual financial statements of qualifying parent and subsidiary entities</td>
<td>New standard: uses recognition and measurement of IFRS, provides for reduced disclosures under certain circumstances. Applies to subsidiary and parent consolidating statements. Does not apply to group statements. Not expected to be applicable for most USPP issuers.</td>
</tr>
<tr>
<td>FRS 102</td>
<td>Group accounts and individual statements of private companies</td>
<td>New standard: Changes from Old UK GAAP are discussed further in this letter.</td>
</tr>
<tr>
<td>FRS 102 with reduced disclosures</td>
<td>Individual financial statements of qualifying parent and subsidiary entities</td>
<td>New standard: Reduced disclosures only apply to subsidiary and parent consolidating statements. Does not apply to group statements. Not expected to be applicable for most USPP issuers.</td>
</tr>
<tr>
<td>FRSSE</td>
<td>Eligible small entities</td>
<td>No change. To be eligible, companies do not exceed two or more of the following (UK/Ireland): - Turnover of £6.5m / €3.8m - Balance sheet of £3.26m / €1.9m - Avg. number of employees is 50 Practically excludes these issuers from the USPP market.</td>
</tr>
</tbody>
</table>

FRS 101 and FRS 102 both provide for a Reduced Disclosure Framework that may be applied to individual financial statements and allows for disclosure exemptions under certain circumstances. These exemptions are only allowable if the reporting entity is a member of a group where the parent of that group prepares consolidated financial statements that are intended to give a true and fair view, and the entity taking an exemption is included in the consolidation. The Reduced Disclosure Framework may not be applied in any consolidated financial statements. The vast majority (if not all – subject to confirmation by the ACLI) of USPP issuers provide financial statements at the group level, where the Reduced Disclosure Framework is not applicable. For subsidiaries that opt to take the disclosure exemptions, consolidated financial statements of the group must be available (under IFRS for FRS 101 or New UK GAAP for FRS 102).

FRS 102 is the main standard which replaces the old version of UK GAAP. There is expected to be minimal general impact on conversion\(^2\) from the old UK GAAP due to similar concepts. The significant differences between the old version of UK GAAP, new UK GAAP, and IFRS are provided in the chart below, with the most relevant to US private placements being the treatment of investment properties, goodwill and intangibles, and financial instruments. Given that many of the changes are in line with a general convergence to IFRS, the ACLI does not expect the adoption of FRS 102 to cause concern from a financial analysis / comparability perspective.

\(^2\) Deloitte, UK GAAP in your pocket – a guide to IFRS 102, p. 9 (Section 2. Concepts and pervasive principles)
<table>
<thead>
<tr>
<th>Topic</th>
<th>Old UK GAAP</th>
<th>New UK GAAP</th>
<th>IFRS</th>
<th>Impact on New UK GAAP Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment property</td>
<td>Requires revaluation to open market value (similar to fair value), with changes recognized in the STRGL (Statement of Total Recognized Gains and Losses) in an investment revaluation reserve.</td>
<td>Measured at fair value, with changes in fair value recognized in the P&amp;L rather than through reserves. STRGL replaced by Statement of Comprehensive Income (SOCI).</td>
<td>Choice of fair value or cost model. Limited exemption from fair value accounting.</td>
<td>Potentially more volatility on P&amp;L than Old UK GAAP due to fair value changes recognized.</td>
</tr>
<tr>
<td>Goodwill and intangible assets</td>
<td>Intangibles with indefinite useful lives are possible. Maximum useful life of 20 yrs. Intangible assets from business combinations that are not separate are accounted for as part of goodwill.</td>
<td>Must have a finite life and the useful life shall not exceed 5 yrs. when no reliable estimate can be made. The definition of intangible assets has changed, which may result in more intangibles recognized as part of a business combination.</td>
<td>Intangible assets may have finite or indefinite useful lives. Intangibles with indefinite useful lives are tested annually for impairment and are not amortized.</td>
<td>Shorter useful life for intangibles. Potentially more intangibles recognized as part of a business combination.</td>
</tr>
<tr>
<td>Financial instruments</td>
<td>Practice varies depending on whether FRS 26 is adopted. For non-FRS 26 adopters, financial assets accounted for in the same way as other assets. Accounting for derivatives under historical cost accounting would often result in no recognition on balance sheet for non-FRS 26 adopters. Fewer disclosures for financial institutions.</td>
<td>Initial recognition varies between transaction price (excluding transaction costs) for those held at FVTPL, PV of future payments for financing transactions, and transaction price (including transaction costs). Derivatives are fair valued and recognized on balance sheet. Equity investments will need to be fair valued and changes recognized on P&amp;L. Additional disclosures for financial institutions.</td>
<td>For financial assets, FRS 102 broadly applies the classification principles of IFRS 9, so there are minimal differences. Under both standards, financial assets are classified at initial recognition and subsequently measured at either amortized cost or fair value.</td>
<td>Potential change in the value of financial assets from Old UK GAAP, to be in line with IFRS. Moving to New UK GAAP may result in more derivatives reported on B/S, and more volatility on P&amp;L due to fair value changes for equity investments.</td>
</tr>
<tr>
<td>Cash flow statement</td>
<td>Generally more prescriptive on the classification of cash</td>
<td>Similar to that under IFRS, with three classifications of cash</td>
<td>No disclosure exemptions under IFRS.</td>
<td>Appearance that is consistent with IFRS. May</td>
</tr>
<tr>
<td>Topic</td>
<td>Old UK GAAP</td>
<td>New UK GAAP</td>
<td>IFRS</td>
<td>Impact on New UK GAAP Statements</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Deferred taxes</td>
<td>Based on timing differences. All current and deferred tax income / expense included in statement of performance for that period.</td>
<td>‘Timing differences plus’ approach means additional deferred tax recognized on (for example) business combinations and revaluations of property, plant, and equipment and investment properties.</td>
<td>‘Temporary difference’ approach means deferred tax arises when the tax base differs from its carrying amount. This can result in wider recognition of deferred tax than FRS 102.</td>
<td>More equity-related deferred taxes to be charged / credited to equity than Old UK GAAP. Potentially less recognition of deferred tax than IFRS.</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>For a DB plans under FRS 17, current service cost, interest cost, expected return on plan assets recognized in P&amp;L. Actuarial gains / losses in STRGL. FRS 17’s scope deals only with retirement benefits (no standard dealing for short-term employee benefits, such as holiday / sick pay). No clear guidance on recognizing a liability for multi-employer pension plans with an agreement to fund a deficit relating to past service. Group entities may use multi-employer exemption to avoid recognizing their share of the plan in the individual statements.</td>
<td>Cost recognized in accordance with IAS 19 (IFRS) with current service cost and net interest cost recognized in P&amp;L, and re-measurement of the net DB asset or liability recognized in OCI. Interest and return on assets calculated as a net amount, applying the discount rate to the net pension deficit / surplus. ‘Expected return on assets’ will no longer apply. The defined benefit surplus or deficit can no longer be recognized only in the group accounts as was allowed under FRS 17.</td>
<td>Similar to FRS 102, which is based on IAS 19.</td>
<td>Costs associated with defined benefit plans will be in line with IFRS. DB surplus / benefit for individual statements must be recognized. Broader scope of recognizing employee benefits than Old UK GAAP.</td>
</tr>
</tbody>
</table>
In summary, the changes to new UK GAAP are narrow and modest, and designed to provide a simplified process of financial reporting that is in line with a convergence to IFRS. As follow-up items, ACLI will confirm that (i) group level accounts apply for the vast majority (if not all) of the UK GAAP filing universe, and (ii) solicit feedback on the conclusions of this letter from a qualified accountant.

Sincerely,

[Signature]

Mike Monahan
Senior Director, Accounting Policy

cc: Robert Carcano
    Marly Kurtzer
February 26, 2014

Mr. Charles Therriault
Director, NAIC Securities Valuation Office
48 Wall Street
New York, NY 10005-2906

Re: Request to Consider National GAAP/National IFRS of The Netherlands and France for Addition to Permitted Financial Performance Presentation Standards Country List

Dear Mr. Therriault:

The American Council of Life Insurers (ACLI)1 respectfully requests that the Securities Valuation Office (“SVO”) study the feasibility of adding the National GAAP of The Netherlands and France to Part Two Section 10(c)(i)(D) of the Purposes and Procedures Manual of the NAIC Securities Valuation Office (the “Manual”).

In 2013, a Procedure to Authorize SVO Use of a National Financial Presentation Standard was adopted by the SVO. This procedure provides that a national insurance association may, by written request, ask the SVO to study the feasibility of adding a country and the associated National GAAP or National IFRS to Part Two Section 10(c)(i)(D) of the Manual. The SVO is authorized, but not required, to hold discussions with representatives of the national insurance association to evaluate whether the criteria specified below has been met and to formulate a recommendation to the Valuation of Securities Task Force (“VOSTF”).

Information Supporting the Request – As part of its request the national insurance association shall:

   (i) Demonstrate that the request to add a National GAAP or National IFRS standard reflects that the borrower population the insurance industry would target is not required to use a Global Financial Presentation Standard or the Reconciled Financial Presentation Standard to obtain financing in

---

1 The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with approximately 300 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American Families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Learn more at www.acli.com.
its local market and otherwise lacks the economic or market incentive to use a Global Financial Presentation Standard or the Reconciled Financial Presentation Standard in the absence of a requirement.

- France (AA / Aa1 / AA+) and the Netherlands (AA+ / Aaa / AAA) both have highly developed economies, long-established National GAAP, and deep and liquid capital markets. National GAAP issuers in both countries have access to strong, local banks, the European private placement market and Eurobond market – all of which accept National GAAP. The Netherlands also has a strong retail bond market, and France has access to Germany’s Schuldschein market, both of which accept National GAAP.

(ii) Provide evidence of both investment opportunity and insurance industry interest to make investments in the country;
- Since 2005, The Netherlands ($16.5 billion) and France ($8.3 billion) have been the two largest sources of foreign investment flows into the U.S. Private Placement market, among countries whose National GAAP is not included in Part Two Section 10(c)(i)(D). These investment flows have been from issuers that report under IFRS or are considered Filing Exempt. ACLI estimates 300+ issuers in the Netherlands, and 500+ issuers in France that report under National GAAP, that are of a size (revenue between $200 million and $2 billion) to consider the U.S. Private Placement market. Given broad access to alternative sources of capital for these issuers, the current reconciliation requirement serves as a barrier to their interest in the U.S. Private Placement market.

- The U.S. Private Placement community is served by a trade group, the Private Placement Investors Association (“PPIA”). The PPIA has [39] members, most of which are U.S. insurance companies. At its most recent meeting on January 28, 2014, the PPIA voiced support for this ACLI request.

(iii) Explain the relationship of the proposed National GAAP or National IFRS financial presentation standard within the larger context of the country’s economic, financial, regulatory and legal traditions; and
- See Exhibit 1 for Dutch GAAP and Exhibit 2 for French GAAP.

(iv) Explain how the proposed National GAAP or National IFRS financial presentation standard, viewed from the perspective of an investor and from that of the SVO as a risk assessor, is of a quality and of a transparency sufficient to enable the creation of NAIC Designations analogous to those prepared using a Global Financial Presentation Standard.

- National GAAP of both France and the Netherlands are:
  - Broadly accepted in local and European capital markets
  - Benefit from long-standing local accounting standards Boards
  - Regularly subject to issuer audits conducted by independent accounting firms, including the Big Four
  - Considered broadly similar to IFRS and German GAAP

- ACLI is prepared to expand on these factors as part of an education process for the SVO on both National GAAP standards.
In summary, we believe adding the National GAAP of The Netherlands and France to Part Two Section 10(c)(i)(D) of the Manual will create access for U.S insurance companies to attractive investment flows, from strong companies in highly developed economies.

Sincerely,

[Signature]

Mike Monahan  
Senior Director, Accounting Policy

cc: Robert Carcano
Exhibit 1

The Netherlands – National GAAP Accounting Context

- The financial statements are an essential building stone for the Dutch legal system and form the basis for corporate governance. The primary function of the financial statements is the reporting to the shareholders. The shareholders are supposed to discharge the board of directors for their performance upon acceptance of the financial statements.

- The secondary function, which is no way less relevant, is creditor protection. Virtually every corporate entity has the obligation to register itself in the Trade Register of the Chamber of Commerce and to publish certain financial data on an annual basis. The Trade Register is accessible by the public and is thus an important source of information in the Dutch market place.

- The financial statements are also relevant for taxation. Although the tax laws have their own independent rules to determine the taxable basis, the financial statements are basically always the starting point.

Dutch GAAP

- The Dutch accounting rules are regulated by law. The Dutch Generally Accepted Accounting Principles (“Dutch GAAP”) are mainly based on EU directives.

- Dutch GAAP applies to a BV and a NV as well as other entities, like for example certain forms of partnerships. Special rules apply to stock listed companies, financial institutions and to insurance companies.

- Though Dutch GAAP still differs from International Financing Reporting Standards (IFRS), Dutch GAAP is brought in line with IFRS on a continuing basis. As from 2005, all listed companies in the EU were required to adopt IFRS. The same applies to Dutch financial institutions and insurance companies.

Accounting Principles

- The accounting principles require that financial information must be understandable, relevant, reliable and comparable. The financial statements should properly reflect the company’s position in accordance with these principles.
France – National GAAP Accounting Context

- All individuals and legal entities that carry out an economic activity are required to file accounts. The final accounts of the year under review (known as comptes de synthèses) must be filed at the Commercial court registry.

- The reporting requirements are laid out in the Plan Comptable General (“PCG”) formulated by the Autorité des Normes Comptables (French authority for accounting standards or “ANC”) and are mostly based on EU directives and regulated by law.

French GAAP

- French Generally Accepted Accounting Principles (“French GAAP”), a result of the PCG, stipulates that individual financial statements use the same chart of general ledger accounts and follow the same accounting rules (which are influenced heavily by taxation laws). Accounting records are to be kept in Euros and in the French language, and accounting records and supporting documentation are kept for ten years.

- The appointment of an auditor is statutory for an SA\(^2\) and SCA\(^3\) and ensures all reporting requirements are met. Furthermore, virtually all companies of the size that could access the private placement market are required under French law to have two separate statutory auditors, which acts as a further safeguard.

- Public companies whose shares are traded on regulated markets must publish their accounts under IFRS. At the same time, French GAAP is tending to be more and more in line with IFRS principles.

Accounting Principles

- French accounting rules are based on three key principles. The financial statements should properly reflect the company’s position in accordance with these principles.

- The first one refers to the regularity meaning that accounts must meet the different rules and proceedings enforceable at the time of their establishment.

- The second one refers to sincerity such that the person in charge of keeping the accounts must express in those accounts the relative importance of the different information registered and imply a correct valuation.

- The third one refers to the faithful principle. It is used to bring shades of meaning when the first two principles cannot bring a real picture of the situation described. Once the different rules have been applied, the faithful principle implies that the application of the rules does not distort reality and does not misinform the user of the accounts.

---

\(^2\) Corporation, “Société anonyme” (SA)
\(^3\) Partnership limited by shares, “Société en commandite par actions” (SCA)
May 26, 2015

Mr. Charles Therriault  
Director, NAIC Capital Markets & Investment Analysis Office  
One New York Plaza  
Suite 4210  
New York, NY 10004  

Re: Request to Consider National GAAP/National IFRS of Italy for Addition to Permitted Financial Performance Presentation Standards Country List

Dear Mr. Therriault:  

The American Council of Life Insurers (ACLI)\(^1\) respectfully requests that the Securities Valuation Office (“SVO”) study the feasibility of adding the National GAAP of Italy to Part Two Section 10(c)(i)(D) of the Purposes and Procedures Manual of the NAIC Securities Valuation Office (the “Manual”).

In 2013, a Procedure to Authorize SVO Use of a National Financial Presentation Standard was adopted by the SVO. This procedure provides that a national insurance association may, by written request, ask the SVO to study the feasibility of adding a country and the associated National GAAP or National IFRS to Part Two Section 10(c)(i)(D) of the Manual. The SVO is authorized, but not required, to hold discussions with representatives of the national insurance association to evaluate whether the criteria specified below has been met and to formulate a recommendation to the Valuation of Securities Task Force (“VOSTF”).

**Information Supporting the Request** – As part of its request the national insurance association shall:

(i) Demonstrate that the request to add a National GAAP or National IFRS standard reflects that the borrower population the insurance industry would target is not required to use a Global Financial Presentation Standard or the Reconciled Financial Presentation Standard to obtain financing in its local market and otherwise lacks the economic or market incentive to use a Global Financial Presentation Standard or the Reconciled Financial Presentation Standard in the absence of a requirement.

\(^1\) The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with 284 member companies operating in the United States and abroad. ACLI advocates in federal, state, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers’ products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing more than 90 percent of industry assets and premiums. Learn more at www.acli.com.
Italy (BBB- / Baa2 / BBB+) has a highly developed and mature economy, long-established National GAAP, and deep and liquid capital markets. National GAAP issuers in Italy have access to strong, local and international banks, the European private placement market, the Italian mini-bond market, private placements under EMTN documents, and the public Eurobond market – all of which accept National GAAP.

(ii) Provide evidence of both investment opportunity and insurance industry interest to make investments in the country;

- Since 2005, Italy ($3.6 billion of issuance) has been a key source and one of the largest countries of foreign investment flows into the U.S. Private Placement market among countries whose National GAAP is not included in Part Two Section 10(c)(i)(D). These investment flows have primarily been from issuers that report under IFRS (or converted to IFRS subsequent to the initial transaction). A very small sample of these companies report under National GAAP but provide IFRS reconciliations. ACLI estimates that there are more than 600 issuers in Italy that report under National GAAP and are of substantial size (revenue between $200 million and $2 billion) that could consider obtaining financing from the U.S. Private Placement market. Given broad access to alternative sources of capital for these issuers, the cost and time consumption of the current reconciliation requirement serves as a barrier to their interest in the U.S. Private Placement market.

- The U.S. Private Placement community is served by a trade group, the Private Placement Investors Association (“PPIA”). The PPIA has 39 members, most of which are U.S. insurance companies. At its most recent meeting on January 26, 2015, the PPIA voiced support for this ACLI request.

- Private capital market alternatives for Italian issuers have developed rapidly in the past two years as well, taking significant volume away from the U.S. Private Placement market. After averaging $550 million per year in U.S. Private Placement issuance from 2002-2013 (including a peak year of $1.6 billion), issuance by Italian corporates fell to $160 million in 2014, due in part to the rapid development of these alternative markets.

- Based on estimates from BNP, the European private placement market has grown from non-existent in 2012 to €560 million in 2013 (7 issuances) and €1.555 million in 2014 (15 issuances). Private transactions under public EMTN documents (€740 million in issuance in 2014 compared to close to nil the prior year) and the Italian mini-bond market (issue sizes of $10-$40 million targeting small to middle market corporates; approximately 90 new issuers in the past two years2) have shown similar growth trajectories over the past two years.

(iii) Explain the relationship of the proposed National GAAP or National IFRS financial presentation standard within the larger context of the country’s economic, financial, regulatory and legal traditions; and

- See Exhibit 1 for further details on Italian GAAP.

(iv) Explain how the proposed National GAAP or National IFRS financial presentation standard, viewed from the perspective of an investor and from that of the SVO as a risk assessor, is of a quality and of a transparency sufficient to enable the creation of NAIC Designations analogous to those prepared using a Global Financial Presentation Standard.

---

National GAAP of Italy:
- Is broadly accepted in local and European bank markets and capital markets
- Benefits from long-standing National accounting standards Boards
- Is regularly subject to issuer audits conducted by independent accounting firms, including the Big Four
- Is considered broadly similar to IFRS and other European National GAAPs

ACLI is prepared to expand on these factors as part of an education process for the SVO on the Italy National GAAP standard.

In summary, we believe adding the National GAAP of Italy to Part Two Section 10(c)(i)(D) of the Manual will create access for U.S insurance companies to attractive investment flows, from strong companies in a highly developed economy.

Sincerely,

[Signature]

Mike Monahan
Senior Director, Accounting Policy

cc: Robert Carcano
Exhibit 1
Italy – National GAAP Accounting Context

- The Italian Generally Accepted Accounting Principles ("Italian GAAP") are regulated by law. The Organismo Italiano di Contabilità ("OIC"), which represents many stakeholder categories involved in the accounting activity and is formed by prominent academics, helps in interpreting and translating into the Italian regulation all the European/IFRS directives requested, acting as national standard setter and giving opinions on accounting matters.

- In defining Italian GAAP accounting, authorities aim to protect all the reporting entity's stakeholders. These are represented by customers, suppliers, employees, local and central government entities (also for taxation, as starting point for the so called double-track) and shareholders. The discipline generally adheres to a prudent evaluation of company performance, assets and net worth.

- Italian GAAP applies to all the Società per Azioni\(^3\) (SpA) and Società a Responsabilità Limitata\(^4\) (Srl), as well as other entities, for example certain forms of partnerships.

- Based on Articles 2435, 2423 and 2423-bis, SpA and Srl have to register themselves in the Trade Register of the Chamber of Commerce and to publish certain financial data on an annual basis. The Trade Register is accessible by the public and is thus an important source of information in the Italian market place.

- Though Italian GAAP still differs from International Financing Reporting Standards (IFRS), the two standards are converging on a continuing basis. OIC's main project is the full convergence of Italian GAAP to IFRS. Since 2005, all listed companies, all financial institutions and insurance companies in the EU were required to adopt IFRS. CONSOB, the Italian Commission for the listed Companies, cooperates in giving opinions and interpretations.

- According to the Italian accounting principle framework, financial statements must comply with the laws and they must be prepared clearly and give a true and fair view of the financial position and net result of operations of the Company/Group.

---

\(^3\) Joint stock company (società per azioni) (SpA). An SpA's corporate capital is divided into shares. This is the form of company used by listed companies. An SpA has a minimum corporate capital of EUR120,000.

\(^4\) Limited liability company (società a responsabilità limitata) (Srl). An Srl's capital is divided into quotas (which represent a portion of the corporate capital). The Srl is mostly used for small and medium-sized businesses and for start-ups. An Srl has a minimum corporate capital of EUR10,000.